

Joint stock company
Liepājas autobusu parks
Consolidated financial
statements
for the period ended on March 31, 2013

NONAUDITED

AS LIEPĀJAS AUTOBUSU PARKS
CONSOLIDATED FINANCIAL STATEMENTS FOR 1 JANUARY TO 31 MARCH 2013

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Information on the Group

The Group's parent company

Name of the company	Liepājas autobusu parks
Legal status of the company	Joint stock company
Registration number, place and date	40003015652, Riga, 3 September 1991
Address	Cukura iela 8/16, Liepāja, LV 3402, Latvia
Full name and address of the shareholders	Liepāja City Council (34.85%), Rožu iela 6, Liepāja, LV – 3401, Latvia LAP1R SIA (49.99%), Vaļņu iela 4-5 ,Riga , LV – 1050, Latvia Other natural persons (15.16 %)
Given name, surname and position of the Board members	Māris Ārbergs - Chairman of the Board Laima Kutuzova - Member of the Board Oskars Špickopfs - Member of the Board (until 31 January 2013)
Given name, surname and position of the Council members	Edgars Dupats - Chairman of the Council Ronalds Fricbergs - Deputy Chairman of the Council Madara Šķēle - Member of the Council Mārtiņš Tīdens – Member of the Council Harijs Krongorns – Member of the Council
Reporting period	1 January 2013 - 31 March 2013

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Information on the Group

Consolidated subsidiaries

Parent company	Subsidiaries	Share of investment in the subsidiary as at 31.03.2013	Date of investment	Registered office of the subsidiaries	Type of operations of the subsidiary
AS Liepājas autobusu parks	LAP Serviss SIA	100%	14.10.2011	Cukura iela 8/16, Liepāja, LV 3402, Latvia	Real estate facility management and motor vehicle maintenance services
AS Liepājas Autobusu parks	SIA Rumba Tours	100%	28.09.2012	Cukura iela 8/16, Liepāja, LV 3402, Latvia	Transport services
AS Liepājas Autobusu parks	SIA Baltic Taxi	68.12%	20.09.2012	Šampētera iela 139A, Rīga, LV 1046, Latvia	Taxi services
SIA Baltic Taxi	SIA Baltic Taxi Electro	100%	01.02.2012	Šampētera iela 139A, Rīga, LV 1046, Latvia	Taxi services

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Management report of AS “Liepājas autobusu parks”

Type of operations

The joint stock company AS “Liepājas autobusu parks” is principally engaged in providing public passenger transportation services on urban, regional and regional inter-city routes. During the reporting year the Group’s parent company provided passenger transportation services to tour and sight-seeing operators, taxi services as well as bus station related services.

The operations of the joint stock company “Liepājas autobusu parks” are ISO 9001:2008 compliant.

The operations of the Group’s companies in first three months of 2013

In 2013, the Group's net revenue reached LVL 2 416 077, where of the revenue of AS “Liepājas autobusu parks” and the subsidiary companies of AS “Liepājas autobusu parks” accounted for LVL 1 769 074 and LVL 647 003, respectively.

By setting up and acquiring companies the Group seeks to expand its operations in the transport industry and aims to become a leading transport company in Latvia in the future. In 2013, the Group will continue implementing the strategy that was successfully commenced in 2012.

In first three months of 2013, the solvency ratio (equity/assets ratio) of the Group was 0.39 which suggests that the equity of the Group accounts constitutes 40% of their total assets.

In first three months of 2013, the Group's quick liquidity ratio (cash/short-term liabilities) is 0.46 which suggests that it is able to pay all short term liabilities with funds.

In first three months of 2013, the overall liquidity ratio of the Group (current assets/short-term liabilities) is 1.05

The Group's solvency, quick liquidity and overall liquidity ratios concludes that the Group is capable of covering all current liabilities within a short term and that the liabilities (including bank loans and leases) account for almost a half of the Group's total assets; the remainder is represented by the Group's equity.

In first three months of 2013, the average number of the Group's employees was 799.

In first three months of 2013, the highest and lowest price registered for the share of AS “Liepājas autobusu parks” at the Stock Exchange “NASDAQ OMX Riga” was LVL 3.21 and LVL 1.75 respectively, and last – LVL 2.50.

The Group's net earnings per share in first three months of 2013 was LVL -0.121, in 2012 LVL 0.097.

In 2013, the Group's parent company carried on work involving the upgrading of production facilities and equipment as well as improving the structure of production and human resource organisation focusing on the measures aimed at improving the company's position in tenders in which passenger transportation contracts are awarded.

During the reporting period SIA Baltic Taxi carried on its economic operations and successfully delivered on the objectives set by its shareholders, as well as achieved its ambitious strategic goals and has become the largest, most recognizable and most popular company providing taxi services in Latvia. At the end of the reporting period it had 151 motor vehicles.

The financial accounting, planning, management and control processes of SIA Baltic Taxi are being optimised and renewed.

During the financial period SIA Baltic Taxi has concluded many strategic contracts that allow SIA Baltic Taxi to optimize the costs relating to customer service as well as to offer to customers options to choose from for making payments for the services rendered.

SIA LAP service is primarily engaged in providing real estate facility management services and providing vehicle maintenance services, as well as the provision of transport services.

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Management report of A/S Liepājas autobusu parks (continued)

The Group's research and development activities

During the reporting period the Group's companies carried on the work involving the upgrading of production facilities and equipment as well as on improving the structure of production and human resource organisation.

The Group's exposure to risks

The Group's companies does not have a major foreign exchange exposure because its settlements occur principally in lats. The Group's companies has raised loans in prior years; the loans have a floating interest rate therefore the Group's companies are exposed to the floating interest rate risk.

Overseas branches and representative offices

The Group does not have overseas branches or representative offices.

There have been no other major changes in the business strategy.

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Statement of management`s responsibility

The management of AS Liepājas Autobusu Parks ("the joint stock company") is responsible for the preparation of the consolidated financial statements.

Based on the information available to the Board of the joint stock company, the consolidated financial statements are prepared on the basis of the relevant primary documents and in accordance with the requirements of the Consolidated Annual Accounts Act of the Republic of Latvia, the effective Latvian Accounting Standards and other requirements set out in the regulatory requirements and present a true and fair view of the Group's assets, liabilities and financial position as at 31 March 2013 and its profit and cash flows for 2013.

The management of the Group confirms that the accounting policies and management estimates have been applied consistently and appropriately. The management of the Group confirms that the financial statements have been prepared on the basis of the principles of prudence and going concern.

The management of the Group confirms that is responsible for maintaining proper accounting records and for monitoring, controlling and safeguarding the Group's assets. The management of the Group is responsible for detecting and preventing errors, irregularities and/or deliberate data manipulation. The management of the Group is responsible for ensuring that the Group operates in compliance with the laws of the Republic of Latvia.

The management report presents fairly the Group's business development and operational performance.

Chairman of the Board

M.Ārbergs

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Consolidated income statement for 1 January to 31 March 2013

	Notes	01.01.2013 – 31.03.2013	01.01.2013 – 31.03.2013	01.01.2012 – 31.03.2012	01.01.2012 – 31.03.2012
		LVL	EUR	LVL	EUR
Revenue	1	2 416 077	3 437 769	1 447 294	2 059 313
Cost of goods sold	2	(2 370 640)	(3 373 117)	(1 336 913)	(1 902 254)
Gross profit		45 437	64 652	110 381	157 059
Selling expense	3	(4 864)	(6 921)	(1 557)	(2 215)
Administrative expenses	4	(165 544)	(235 548)	(60 806)	(86 519)
Other operating income	5	60 858	86 592	31 648	45 031
Other operating expenses	6	(6 261)	(8 909)	(1 034)	(1 472)
Other interest and similar income	7	659	938	701	997
Interest and similar expenses	8	(19 517)	(27 770)	(7 844)	(11 161)
Profit before taxes		(89 232)	(126 966)	71 489	101 720
Corporate income tax for the reporting period		-	-	(8 007)	(11 393)
Other taxes		(2 895)	(4 119)	(2 795)	(3 977)
Profit for the reporting year		(92 127)	(131 085)	60 687	86 350
Minority share		16 086	22 888	-	-
Profit for the reporting year after minority share		(76 041)	(108 197)	60 687	86 350
Basic earnings per share		(0.121)	(0.172)	0.097	0.138

AS LIEPĀJAS AUTOBUSU PARKS
CONSOLIDATED FINANCIAL STATEMENTS FOR 1 JANUARY TO 31 MARCH 2013

Consolidated balance sheet as at 31 March 2013

	Notes	31.03.2013 LVL	31.03.2013 EUR	31.03.2012 LVL	31.03.2012 EUR
Assets					
Non-current investments					
Intangible assets					
Concessions, patents, licenses, trade marks and similar rights		633	901	987	1 404
Goodwill		809 316	1 151 553	-	-
Total intangible assets		809 949	1 152 454	987	1 404
Property, plant and equipment:					
Land plots, buildings and perennial plantings		170 994	243 303	173 235	246 491
Plant and machinery		2 410 092	3 429 252	1 951 632	2 776 922
Other property, plant and equipment		381 404	542 689	99 890	142 131
Creation of property, plant and equipment		-	-	-	-
Advance payments for property, plant and equipment		89 360	127 148	-	-
Total property, plant and equipment:		3 051 850	4 342 392	2 224 757	3 165 544
Investment properties:		489 431	696 398	489 431	696 398
Non-current financial investments					
Investments in associated companies		1 000	1 423	-	-
Other securities and investments		954	1 357	-	-
Deferred tax asset		120 340	171 228	-	-
Total non-current financial investments		122 294	174 008	-	-
Total non-current assets:		4 473 524	6 365 252	2 715 175	3 863 346
Current assets					
Inventories:					
Raw materials, basic materials and consumables	9	116 627	165 946	105 907	150 692
Total inventories:		116 627	165 946	105 907	150 692
Trade and other receivables:					
Trade receivables	10	754 663	1 073 789	462 331	657 838
Other receivables	11	41 649	59 260	34 448	49 015
Prepayments	12	96 060	136 680	32 785	46 649
Accrued income	13	78 675	111 945	40 029	56 956
Receivables:		971 047	1 381 674	569 593	810 458
Cash:	14	838 683	1 193 339	928 139	1 320 622
Total current assets:		1 926 357	2 740 959	1 603 639	2 281 772
Total assets		6 399 881	9 106 211	4 318 814	6 145 118

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Consolidated balance sheet as at 31 March 2013

	Notes	31.03.2013 LVL	31.03.2013 EUR	31.03.2012 LVL	31.03.2012 EUR
<u>Equity and liabilities</u>					
Equity:					
Share capital	15	627 441	892 768	627 441	892 768
Share premium account		230	327	230	327
Retained earnings b/f		2 080 335	2 960 050	1 894 806	2 696 066
Profit for the reporting year		(76 041)	(108 197)	60 687	86 350
Minority interest		(164 084)	(233 471)	-	-
Total equity:		2 467 881	3 511 477	2 583 164	3 675 511
Provisions					
Other provisions	16	65 685	93 461	-	-
Liabilities:					
Non-current liabilities:					
Borrowings from credit institutions	17	528 870	752 515	776 200	1 104 434
Other borrowings	18	1 354 211	1 926 869	-	-
Deferred tax liabilities		157 252	223 749	151 228	215 178
Total non-current liabilities:		2 040 333	2 903 133	927 428	1 319 612
Current liabilities:					
Borrowings from credit institutions	17	247 330	351 918	245 592	349 445
Other borrowings	18	263 874	375 459	-	-
Trade payables		789 169	1 122 887	277 028	394 175
Taxes and mandatory national social insurance contributions		147 319	209 616	79 606	113 269
Other payables	19	122 994	175 006	70 319	100 055
Deferred income	20	104 322	148 437	57 460	81 759
Accrued liabilities	21	150 974	214 817	78 217	111 292
Total current payables:		1 825 982	2 598 140	808 222	1 149 995
<u>Total equity and liabilities</u>		6 399 881	9 106 211	4 318 814	6 145 118

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Consolidated statement of changes in equity for 1 January to 31 March 2013

	Share capital	Share premium account	Long- term invest- ment revalua- tion reserve	Prior year retained earnings	Profit for the reporting year	Minority interest	Total
	LVL	LVL	LVL	LVL	LVL	LVL	LVL
As at 31 March 2011	627 441	230	570 697	1 366 276	47 522	-	2 612 166
Retained earnings b/f	-	-	-	528 530	(528 530)	-	-
Reclassification of the reserve	-	-	100 711	-	-	-	100 711
Write-off of revalued property, plant and equipment	-	-	(671 408)	-	-	-	(671 408)
Minority interest takeover resulting from the acquisition of a subsidiary	-	-	-	-	-	-	-
Profit for the reporting year	-	-	-	-	541 695	-	541 695
As at 31 March 2012	627 441	230	-	1 894 806	60 687	-	2 583 164
Retained earnings b/f	-	-	-	185 529	(185 529)	-	-
Reclassification of the reserve	-	-	-	-	-	-	-
Write-off of revalued property, plant and equipment	-	-	-	-	-	-	-
Minority interest takeover resulting from the acquisition of a subsidiary	-	-	-	-	-	(144 759)	(144 759)
Profit for the reporting year	-	-	-	-	48 801	(19 325)	29 476
As at 31 March 2013	627 441	230	-	2 080 335	(76 041)	(164 084)	2 467 881

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Consolidated statement of changes in equity for 1 January to 31 March 2013

	Share capital	Share premium account	Long- term invest- ment revalua- tion reserve	Prior year retained earnings	Profit for the reporting year	Minority interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As at 31 March 2011	892 768	327	812 029	1 944 036	67 618	-	3 716 778
Retained earnings b/f	-	-	-	752 030	(752 030)	-	-
Reclassification of the reserve	-	-	143 299	-	-	-	143 299
Write-off of revalued property, plant and equipment	-	-	(955 328)	-	-	-	(955 328)
Minority interest takeover resulting from the acquisition of a subsidiary	-	-	-	-	-	-	-
Profit for the reporting year	-	-	-	-	770 762	-	770 762
As at 31 March 2012	892 768	327	-	2 696 066	86 350	-	3 675 511
Retained earnings b/f	-	-	-	263 984	(263 984)	-	-
Reclassification of the reserve	-	-	-	-	-	-	-
Write-off of revalued property, plant and equipment	-	-	-	-	-	-	-
Minority interest takeover resulting from the acquisition of a subsidiary	-	-	-	-	-	(205 973)	(205 973)
Profit for the reporting year	-	-	-	-	69 437	(27 498)	41 939
As at 31 March 2013	892 768	327	-	2 960 050	(108 197)	(233 471)	3 511 477

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Consolidated cash flow statement for 1 January to 31 March 2013

Note	01.01.2013 – 31.03.2013	01.01.2013 – 31.03.2013	01.01.2012 – 31.03.2012	01.01.2012 – 31.03.2012
	LVL	EUR	LVL	EUR
<u>Cash flows from operating activities</u>				
Profit before taxes	(89 232)	(126 966)	71 489	101 720
<u>Adjustments:</u>				
depreciation	254 506	362 129	134 527	191 415
other interest income and similar income	(659)	(938)	(701)	(997)
interest expenses and similar expenses	15 210	21 642	7 803	11 103
profit on the investment and disposal of property, plant and equipment	(19 417)	(27 628)	(3 742)	(5 324)
increase of receivables	(116 594)	(165 898)	(271 503)	(386 314)
(increase)/decrease of inventories	(3 557)	6 314	8 983	13 591
increase in trade and other payables	40 373	280 273	398 793	81 879
Other tax expenses	(2 895)	(4 119)	(2 795)	(3 977)
Net cash flows from operating activity	327 506	465 998	30 548	43 465
<u>Cash flows from investing activities</u>				
Purchase of property, plant and machinery and intangible assets	(257 715)	(366 695)	(52 478)	(74 669)
Proceeds from sale of fixed assets and intangible assets	52 280	74 388	3 662	5 211
Term deposits deployed	70 280	100 000	-	-
Interest received	659	938	701	997
Net cash flows from investing activities	(134 496)	(191 369)	(48 115)	(68 461)
<u>Cash flows from financing activities</u>				
Repayment of borrowings	(69 213)	(98 481)	(61 144)	(87 000)
Expenses related to the buyout of a leased asset	(104 816)	(149 140)	-	-
Interest paid	(15 210)	(21 642)	(7 803)	(11 103)
Net cash flows from financing activities	(189 239)	(269 263)	(68 947)	(98 103)
Net cash flows for the reporting year	3 771	5 366	(86 514)	(123 099)
Cash and cash equivalents at the beginning of the reporting year	834 912	1 187 973	1 014 653	1 443 721
Cash and cash equivalents at the end of the reporting year	838 683	1 193 339	928 139	1 320 622

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Notes

(1) Net revenue

Net revenue by type of revenue

	01.01.2013 – 31.03.2013	01.01.2013 – 31.03.2013	01.01.2012 – 31.03.2012	01.01.2012 – 31.03.2012
	LVL	EUR	LVL	EUR
Revenue from passenger transportation	1 361 582	1 937 357	1 144 686	1 628 741
Subsidies	407 492	579 809	288 736	410 834
Taxi services	627 785	893 258	-	-
Facility management and other services	19 218	27 345	13 872	19 738
	2 416 077	3 437 769	1 447 294	2 059 313

(2) Cost of goods sold

Cost of fuel and lubricants	740 251	1 053 282	511 106	727 238
Cost of spare parts, tools and tires	82 189	116 944	103 925	147 872
Salaries and wages	526 882	749 686	344 429	490 078
National social insurance mandatory contributions	123 226	175 335	81 104	115 401
Depreciation of property, plant and equipment	254 506	362 129	134 527	191 415
Cost of regular repairs of buses and materials	219 763	312 695	23 202	33 013
Utility services	54 892	78 104	49 763	70 806
Business trips and work-related travel costs	6 255	8 900	3 562	5 068
Services provided by business partners	112 072	159 464	32 651	46 458
Insurance of motor vehicles	43 495	61 888	7 274	10 350
Software licence lease	6 250	8 893	5 330	7 584
Bus lease	131 092	186 527	3 645	5 186
Other operating expenses	69 767	99 270	36 395	51 785
	2 370 640	3 373 117	1 336 913	1 902 254

(3) Selling expense

Advertising	4 864	6 921	1 557	2 215
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Notes (continued)

(4) Administrative expenses

	01.01.2013 – 31.03.2013	01.01.2013 – 31.03.2013	01.01.2012 – 31.03.2012	01.01.2012 – 31.03.2012
	LVL	EUR	LVL	EUR
Salaries	73 135	104 062	43 758	62 262
National social insurance mandatory contributions	16 992	24 177	9 958	14 169
Communication	14 818	21 084	1 012	1 440
Membership fees	300	427	-	-
Business trips and work-related travel costs	3 205	4 560	1 843	2 622
Audit fee*	750	1 067	-	-
Legal services	17 665	25 135	3 461	4 925
Accounting services	14 690	20 902	400	569
Other administrative costs	23 989	34 134	1 174	1 670
	165 544	235 548	60 806	86 519

(5) Other operating income

Proceeds from insurance relating to the motor vehicles that were damaged in accidents	8 848	12 590	423	602
Bus ticket and bus station entry permit revenue	12 758	18 153	14 771	21 017
Revenue from advertisements placement	944	1 343	1 057	1 504
Revenue from sale of property, plant and equipment	23 674	33 685	3 742	5 324
Profit on foreign exchange fluctuations	-	-	1 776	2 527
Other income	14 634	20 821	9 879	14 057
	60 858	86 592	31 648	45 031

(6) Other operating expenses

Fines	43	61	26	37
Net losses on foreign exchange fluctuations	455	647	-	-
Expenses from liquidation of the fixed assets	4 257	6 057	-	-
Other expenses	1 506	2 144	1 008	1 435
	6 261	8 909	1 034	1 472

(7) Other interest and similar income

Bank interest	659	938	701	997
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(8) Interest and similar expenses

Interest on the borrowings	15 210	21 642	7 803	11 103
Fines	4 307	6 128	41	58
	19 517	27 770	7 844	11 161

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Notes (continued)

(9) Inventories

	31.03.2013 LVL	31.03.2013 EUR	31.03.2012 LVL	31.03.2012 EUR
Fuel, lubricants	54 590	77 675	40 458	57 567
Spare parts	45 403	64 603	39 384	56 038
Materials	7 681	10 929	6 037	8 590
Bus tickets	7 117	10 127	17 588	25 025
Advances paid for goods	1 836	2 612	2 440	3 472
	116 627	165 946	105 907	150 692

(10) Trade receivables

The carrying value of trade receivables	586 559	834 598	342 331	487 093
Provisions for bad and doubtful trade receivables	(10 418)	(14 823)	-	-
Guarantee collateral in accordance with the regulations on the awarding of the contract to provide public transport services	178 522	254 014	120 000	170 745
	754 663	1 073 789	462 331	657 838

(11) Other receivables

Overpaid taxes	40 388	57 467	33 404	47 530
Amounts receivable in respect of advances to employees	1 261	1 793	1 044	1 485
	41 649	59 260	34 448	49 015

(12) Prepayments

Insurance	59 728	84 985	26 704	37 996
Passenger transportation licences	7 073	10 064	-	-
Bus station services	6 687	9 515	-	-
Lease of the bus	1 577	2 244	1 577	2 244
Other expensess	20 995	29 872	4 504	6 409
	96 060	136 680	32 785	46 649

(13) Deferred income

Kurzemes planning district	3 246	4 619	34 275	48 769
Reimbursement of costs	4 764	6 779	-	-
Ministry of Transport	70 598	100 452	5 708	8 122
Other deferred income	67	95	46	65
	78 675	111 945	40 029	56 956

(14) Cash on hand and in bank

Cash in transit	32 087	45 656	9 467	13 470
Term deposits	323 280	459 986	421 682	599 999
Cash in bank	481 970	685 782	496 348	706 240
Cash on hand	1 346	1 915	642	913
	838 683	1 193 339	928 139	1 320 622

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(15) Share capital

On 31 March 2013, the Group's parent company's issued and fully paid-up share capital consisted of 627,441 shares with a nominal value of LVL 1 per share.

(16) Provisions

	31.03.2013 LVL	31.03.2013 EUR	31.03.2012 LVL	31.03.2012 EUR
Provisions for contingent liabilities	65 685	93 461	-	-

(17) Borrowings from credit institutions

Borrowing from AS Swedbank	481 431	685 015	665 508	946 933
Borrowing from AS NORDEA	47 439	67 500	110 692	157 501
<i>Total non-current liabilities:</i>	528 870	752 515	776 200	1 104 434
Borrowing from AS Swedbank	184 078	261 919	182 340	259 446
Borrowing from AS NORDEA	63 252	89 999	63 252	89 999
<i>Total current borrowings:</i>	247 330	351 918	245 592	349 445
Total borrowings from credit institutions	686 122	976 264	927 428	1 319 612

(18) Other borrowings

Borrowing from SIA Baltic Airlines	172 662	245 676	-	-
Borrowings with a maturity term of more than 5 years	172 662	245 676	-	-
Borrowing from SIA JS Advisory	374 525	532 901	-	-
Borrowing from SIA Baltijas aviācijas sistēmas	311 891	443 781	-	-
Finance lease obligations with a term of 1 – 5 years	495 133	704 511	-	-
Borrowings with a maturity term of 1 than 5 years	1 181 549	1 681 193	-	-
Finance lease obligations with a term of up to 1 year	263 874	375 459	-	-
<i>Total current borrowings:</i>	263 874	375 459	-	-
Total non-current borrowings and finance lease obligations	1 354 211	1 926 869	-	-
Total current borrowings and finance lease obligations	263 874	375 459	-	-
Total other borrowings	1 618 085	2 302 328	-	-

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(19) Other payables

	31.03.2013	31.03.2013	31.03.2012	31.03.2012
	LVL	EUR	LVL	EUR
Salaries and wages	116 564	165 857	65 036	92 538
Withholdings from salaries and wages	1 418	2 018	1 091	1 552
Revenue of bus stations	5 012	7 131	4 192	5 965
	122 994	175 006	70 319	100 055

(20) Deferred income

Revenue of monthly tickets	495	704	886	1 261
Offsetting of losses	103 827	147 733	56 574	80 498
	104 322	148 437	57 460	81 759

(21) Accrued liabilities

Provision for annual the leave costs	93 525	133 074	58 806	83 673
NSIMC - provision for the annual leave costs	22 530	32 057	14 166	20 156
Accrued liabilities for the audit costs	750	1 067	-	-
Other accrued liabilities	34 169	48 619	5 245	7 463
	150 974	214 817	78 217	111 292

(22) Off-balance sheet assets and liabilities

On 24 January 2012 the subsidiary of the Group acquired, under an assignment transaction, a right to demand the payment of LVL 597,383 (EUR 850,000) against a legal person. Remuneration for the assignment is directly related to the recovered amount. The defendant against the payment demand can be enforced is also one of the creditors of the company, the company is therefore of the opinion that the rights to demand the payment will be realised profitably at least partly.

(23) Litigations

The subsidiary of the group is involved in litigations, mainly connected with the claims of the employees/former employees of the company against the company. The Company has submitted counterclaims. The total value of employee/former employee claims amounts to LVL 64 thousand, counterclaims submitted – LVL 15 thousand. The current stage of litigation differs in each specific case. The Company has not made any provisions for potential litigation expenses as considers the claims to be ungrounded.

The subsidiary of the Group has submitted a claim against the State Revenue Service in connection with its charge for additional tax liabilities in the amount of LVL 13 thousand. The Company also plans to submit additional claim for LVL 52 thousand in case positive solution for additional tax charges. Both the amounts are 100% provided for in the accounts based on prudence principle.